



# **PFCC**

## **POLICE, FIRE AND CRIME COMMISSIONER FOR ESSEX**

**Essex Police, Fire and Crime Commissioner Fire and Rescue Authority**

### **Decision Report**

**Please ensure all sections below are completed**

**Report reference number:** 044-21

**Government security classification** Not protectively marked

**Title of report:** Adjustment to Earmarked Reserves – COVID Funding

**Area of county / stakeholders affected:** Countywide

**Report by:** Austin Page - Financial Accounting and Compliance Manager

**Date of report:** 9<sup>th</sup> June 2021

**Enquiries to:** Neil Cross (Chief Financial Officer) – [neil.cross@essex-fire.gov.uk](mailto:neil.cross@essex-fire.gov.uk)

### **1. Purpose of the report**

This report is seeking approval to increase the level of Earmarked Reserves by £0.541m in the financial statements for the year ending 31 March 2021. This increase represents the balance of unspent COVID-19 Government funding received in the year.

### **2. Recommendations**

The Police, Fire and Crime Commissioner is asked to:

- Approve an increase in the Specific Earmarked Reserve for Unspent Government Grants by £0.541m at the year ending 31 March 2021. This is to take account of the unspent COVID-19 Government funding in the year.
- To note that the total level of the Specific Earmarked Reserve for Unspent Government Grants relating to COVID-19 as at 31 March 2021 is £0.803m.

### **3. Benefits of the proposal**

The government grant was issued with the purpose of providing the Authority with financial support during the COVID-19 Pandemic. It is therefore reasonable to allocate any unspent funding in the financial year, to a Specific Earmarked Reserve. This funding will then be utilised

in the new financial year, to offset additional costs resulting from COVID-19 in line with the purpose of the funding.

This accounting treatment is consistent with that in the prior year's audited financial statements.

#### **4. Background and proposal**

The Government provided financial support to Fire and Rescue Authorities in response to the COVID 19 pandemic.

The Authority has received a total of £1.902m in government grants to support the COVID-19 pandemic which includes:

- £0.291m awarded financial year 2019/20 and paid in March 20
- £1.611m awarded in financial year 2020/21, with £1.378m being paid in May 2020 and £0.233m in April 2021. The £0.233m is reflected as a debtor in our year-end financial statements.

The COVID-19 funding is not ringfenced, so under the CIPFA Code of Practice this income should be recognised in full as revenue. However, the grant is intended to support the additional costs incurred as a result of COVID-19, which have included:

- Staff costs in response to the pandemic.
- Purchase of PPE.
- ICT infrastructure to accommodate new ways of working as a result of COVID-19.
- Additional cleaning and decontamination supplies.

The latest priorities in respect to the COVID 19 response are listed below:

- HMICFRS COVID Inspection Report Recommendations
- Ensuring that workplaces continue to remain COVID safe through activities such as increased cleaning frequency, provision of COVID sanitisation equipment, Lateral Flow Testing etc.
- Further enhancing technology to adapt to new ways of working, for example, installation of Video Conferencing facilities to allow mix of virtual and in the workplace meetings.
- Continued focus on all aspects of Health & Wellbeing through enhanced Occupational Health services and specific Wellbeing coaching to personnel. This includes any impacts of Long COVID on personnel.
- Enhanced focus towards Environmental Strategy through COVID learning, for example moving towards electric fleet/charging availability.
- Investment in Managers to provide new skills for managing teams in a more agile and remote environment.
- Future assessment of workplace changes with regards to layout and function to be fit for purpose in supporting a flexible and modern workforce in a different way, i.e. more breakout/meeting/collaboration space. Hot Desk facilities/Desk Booking Systems.

Under the CIPFA Code of Practice:

- Where grant income has been received that has no conditions attached to it, but where the grant has yet to be applied and there are restrictions as to how the monies are to be applied, authorities may consider earmarking such revenue grant income until it is applied.
- There is no direct requirement in the Code to earmark reserves as described above.

- However, the responsible finance officer (RFO) will need to consider their responsibility to present a true and fair view of the sums available in the General Fund, for the general purposes of the authority at the year-end.
- The RFO should ensure that such sums that are required to meet committed expenditure, as set out in grant restrictions, are properly set aside for those purposes and that the nature of the restrictions on these resources are clearly presented to the users of financial statements.

## 5. Alternative options considered and rejected

The grant income could be retained in General Reserves; however, it is deemed more appropriate to allocate this to a specific Earmarked Reserve given that this will be used to offset specific Covid 19 costs in 2021/22. This is also consistent with the treatment in the prior years audited financial statements.

## 6. Strategic priorities

The priorities in the Fire and Rescue Plan have been considered when utilising the government grants that have been received. This includes response, collaboration with partners, making best use of resources, being transparent and creating a positive culture in the workplace.

## 7. Operational implications

There are no operational implications arising from this decision.

## 8. Financial implications

A Summary of the Covid 19 Funding position at 31 March 2021 is included below.

	£m
<b>Total Covid 19 Funding</b>	<b>1.902</b>
Less: Additional Costs Resulting from Covid 19	
Staffing Costs	-0.261
Protective Equipment / Cleaning / Decontamination Supplies	-0.576
ICT	-0.229
Other Costs	-0.033
<b>Total Additional Costs</b>	<b>-1.099</b>
<b>Unspent Covid 19 Funding</b>	<b>0.803</b>
Specific Earmarked Reserve - Unspent Covid Funding at 31 March 2020	0.262
Specific Earmarked Reserve - Unspent Covid Funding at 31 March 2021	0.803
<b>Increase In Earmarked Reserve</b>	<b>0.541</b>

## 9. Legal implications

There are no further legal implications arising from this decision.

## 10. Staffing implications

There are no direct staffing implications arising from this decision.

## 11. Equality and Diversity implications

This decision does not have any impact on any of the following protected groups as defined within the Equality Act 2010:-

<i>Race</i>	<i>No</i>	<i>Religion or belief</i>	<i>No</i>
<i>Sex</i>	<i>No</i>	<i>Gender reassignment</i>	<i>No</i>
<i>Age</i>	<i>No</i>	<i>Pregnancy &amp; maternity</i>	<i>No</i>
<i>Disability</i>	<i>No</i>	<i>Marriage and Civil Partnership</i>	<i>No</i>
<i>Sexual orientation</i>	<i>No</i>		

The service will ensure that the use of these Earmarked Reserves is managed in an equitable and fair manner which does not unduly impact on any particular group.

## 12. Risks

There are no specific risks identified as part of this decision.

## 13. Governance Boards

Not applicable.

## 14. Background papers


Not applicable.

**Decision Process (044-21)**

**Step 1A - Chief Fire Officer Comments**

(The Chief Fire Officer is asked in their capacity as the Head of Paid Service to comment on the proposal.)

.....I support this recommendation.....

Sign: .....  ..... Date:.....15/6/21....

**Step 1B – Consultation with representative bodies**

N/A.....

**Step 2 - Statutory Officer Review**

The report will be reviewed by the Essex Police, Fire and Crime Commissioner Fire and Rescue Authority's ("the Commissioner's") Monitoring Officer and Chief Finance Officer prior to review and sign off by the Commissioner or their Deputy.

Monitoring Officer Sign: .....  .....  
Print: . Darren. Horsman .- Deputy. MO  
Date: . . 15.6.2021. ....

Chief Finance Officer Sign: ...  ...  
Print: .....Neil Cross.....  
Date: . . 15/6/21 . . . . .

**Step 3 - Publication**

Is the report for publication?      **YES**

If 'NO', please give reasons for non-publication (Where relevant, cite the security classification of the document(s). State 'none' if applicable)

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If the report is not for publication, the Monitoring Officer will decide if and how the public can be informed of the decision.

**Step 4 - Redaction**

If the report is for publication, is redaction required:

- 1      Of Decision Sheet                      **NO**
- 2      Of Appendix                              **NO**

If 'YES', please provide details of required redaction:

.....  
.....

Date redaction carried out: .....

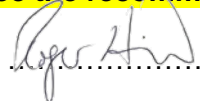
If redaction is required, the Chief Finance Officer or the Monitoring Officer are to sign off that redaction has been completed.

Sign: .....      Print: .....

Date signed: .....

**Step 5 - Decision by the Police, Fire and Crime Commissioner or Deputy Police, Fire and Crime Commissioner**

I agree the recommendations to this report:

Sign:  ..... (PFCC)

Print: Roger Hirst                                      Date signed: 23 June 2021